

Form Suppl

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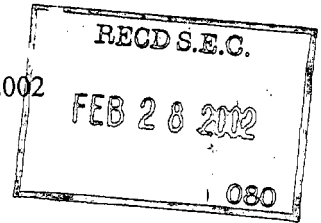
Supplement to Prospectus Dated January 14, 2002



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Dated: March 1, 2002

**STATE OF ISRAEL
EIGHTH INFRASTRUCTURE AND ABSORPTION ISSUE
ZERO COUPON DOLLAR SAVINGS BONDS**



The purchase price of each State of Israel Eighth Infrastructure and Absorption Issue Zero Coupon Dollar Savings Bond due to mature ten years from Issue Date, during the **Sales Period** commencing **March 1, 2002** and terminating on **March 31, 2002** is **\$3,166** representing an effective yield to maturity of **6.60%**.

To ensure purchase of a Bond at such price, the purchase price and all supporting documentation **must be received by** Development Corporation for Israel by **March 20, 2002**.

Effective February 5, 2002, the purchase price and effective yield to maturity of the bonds will be determined two business days before the first day of the month of issue.

PROCESSED

MAR 07 2002

**THOMSON
FINANCIAL**